

**ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON WAYS AND MEANS**

May 15, 2021

11:33 a.m.

MEMBERS PRESENT

Representative Ivy Spohnholz, Chair
Representative Adam Wool
Representative Andy Josephson
Representative Calvin Schrage
Representative Andi Story
Representative Mike Prax
Representative David Eastman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 37

"An Act relating to deposits into the dividend fund; relating to income of and appropriations from the earnings reserve account; relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts, and estates; relating to a payment against the individual income tax from the permanent fund dividend disbursement; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 202

"An Act relating to the Alaska permanent fund; relating to dividends for state residents; relating to the use of certain state income; and providing for an effective date."

- MOVED HB 202 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 37

SHORT TITLE: INCOME TAX; PERMANENT FUND; EARNINGS RES.

SPONSOR(S): REPRESENTATIVE(S) WOOL

02/18/21 (H) PREFILE RELEASED 1/8/21

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	CRA, STA, FIN
04/28/21	(H)	W&M REPLACES CRA REFERRAL
04/28/21	(H)	BILL REPRINTED
05/11/21	(H)	W&M AT 11:30 AM DAVIS 106
05/11/21	(H)	-- MEETING CANCELED --
05/13/21	(H)	W&M AT 11:30 AM DAVIS 106
05/13/21	(H)	Heard & Held
05/13/21	(H)	MINUTE (W&M)
05/15/21	(H)	W&M AT 11:30 AM DAVIS 106

BILL: HB 202

SHORT TITLE: PERMANENT FUND DIVIDEND; ROYALTIES

SPONSOR(s): REPRESENTATIVE(s) MERRICK

05/05/21	(H)	READ THE FIRST TIME - REFERRALS
05/05/21	(H)	W&M, FIN
05/07/21	(H)	FIN AT 1:30 PM ADAMS 519
05/07/21	(H)	<Bill Hearing Canceled>
05/11/21	(H)	W&M AT 11:30 AM DAVIS 106
05/11/21	(H)	-- MEETING CANCELED --
05/13/21	(H)	W&M AT 11:30 AM DAVIS 106
05/13/21	(H)	Heard & Held
05/13/21	(H)	MINUTE (W&M)
05/14/21	(H)	FIN AT 1:30 PM ADAMS 519
05/14/21	(H)	<Bill Hearing Canceled>
05/15/21	(H)	W&M AT 11:30 AM DAVIS 106

WITNESS REGISTER

KEN ALPER, Staff
Representative Adam Wool
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation, titled "House Bill 37; Income tax and POMV Allocation," dated 5/13/21, on behalf of Representative Wool, prime sponsor.

NICOLE REYNOLDS, Deputy Director
Tax Division
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 37.

BERT HOUGHTALING
Big Lake, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

CRIS EICHENLAUB
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

SHERRY EICHENLAUB
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

KATIE BOTZ
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and in support of HB 37.

ADAM HYKES
Homer, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

MIKE COONS
Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

CLIFF GROH
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 202 and HB 37.

BARBARA TYNDALL
North Pole, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

ANDRA RICE
North Pole, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

MELISSA GUDOBBA
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

JAMES SQUYRES

Rural Deltana, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

GARY MCDONALD

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

ROBERT COELTER

Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

THOMAS BELLANICH

Ketchikan, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

JEAN HOLT

Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

RENEE WELLINGTON

Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 202 and HB 37.

LAURA BONNER

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to 202 and in support of HB 37.

DAVE JOHNSON

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 202 and HB 37.

JOHN SONIN

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 202 and HB 37.

JANET MCCABE

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 202.

ELEANOR ANDREWS

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 202.

PETER MICHALSKI

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 202 and HB 37.

REPRESENTATIVE KELLY MERRICK

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, answered questions during the hearing on HB 202.

TALLY TEAL, Staff

Representative Kelly Merrick

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 202, on behalf of Representative Merrick, prime sponsor.

CONOR BELL, Fiscal Analyst

Legislative Finance Division

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 202.

ACTION NARRATIVE

[11:33:32 AM](#)

CHAIR IVY SPOHNHOLZ called the House Special Committee on Ways and Means meeting to order at 11:33 a.m. Representatives Wool, Prax, Josephson, Spohnholz, and Schrage were present at the call to order. Representatives Story and Eastman arrived as the meeting was in progress.

HB 37-INCOME TAX; PERMANENT FUND; EARNINGS RES.

[11:34:22 AM](#)

CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 37, "An Act relating to deposits into the dividend fund; relating to income of and appropriations from the earnings reserve account; relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts,

and estates; relating to a payment against the individual income tax from the Permanent Fund Dividend (PFD) disbursement; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

[11:34:55 AM](#)

KEN ALPER, Staff, Representative Adam Wool, Alaska State Legislature, resumed a PowerPoint presentation, titled "House Bill 37; Income tax and POMV Allocation" [hard copy included in the committee packet], on behalf of Representative Wool, prime sponsor. He began on slide 15, which recalled the results of a Commonwealth North study that showed a small preference for sales taxes although a majority of responses supported both options [sales and income tax]. Slide 16 indicated that Alaska's tax burden is 5.8 percent in combined state and local income tax, which is less than any other state. The next lowest are Wyoming and Tennessee at 7 percent. He noted that if HB 37 were to pass, Alaska's tax burden would be approximately 2.7 percent. Similarly, slide 17 suggested that "adding a moderate tax would not change that much," showing that \$700 million in new and increased taxes would have boosted Alaska from the lowest to the second lowest tax state in the country.

[11:38:32 AM](#)

MR. ALPER advanced to slides 18 and 19, which detailed HB 37 and read as follows [original punctuation provided]:

Flat rate 2.5% tax based on federal "Adjusted Gross Income" (AGI

- Metric that is the most widely used among states with income taxes
- Includes all income: wages, self employment, earnings of partnerships and S-corps, capital gains, retirement, etc.
- "Adjustments" to income (i.e. non-taxed items) include retirement contributions, students loan interest, and alimony payments.
- So-called "itemized" deductions, like mortgage interest, are taken after AGI and would therefore be taxed

"Standard Deduction": First \$10,000 of income (\$20,000 for joint filers) is not taxed

- PFD payments are also non-taxable income

MR. ALPER turned to slide 20, which read as follows [original punctuation provided]:

Income Tax- Technical Provisions

- Tax paid by Alaska residents on all their income regardless of where earned
 - Credit is given for income taxes paid to other states for income earned in that state
- Tax paid by nonresidents on income earned in the state
- Tax also applies to trusts and estates, who would be separate taxpayers
- Detailed provisions to establish what income is "from a source in the state"
- Employer withholding from wages with periodic payments from employers to the state
- Employers send employees annual wage statement similar to the federal W-2
- Annual Tax returns due same day as federal return
- Department of Revenue to establish regulations to prevent tax avoidance
- Income tax exempted from general DOR requirement to file electronically

Most state income tax payments are deductible from federal taxes for those who itemize; thus, a portion of taxes paid will be saved due to reduced payments to the IRS.

[11:43:21 AM](#)

MR. ALPER progressed to slide 21, which read [original punctuation provided]:

Permanent Fund Changes

- Replaces the current Dividend formula to one based on 20% of the annual Percent of Market Value draw
- Repeals the statutory 50% "corpus" deposit of royalties from leases signed after 1979
 - The 25% constitutional requirement remains: 25% of all royalties, bonus payments, etc. will continue to be deposited

- o The additional 25% is approximately \$57 million in FY2021; this amount would remain in the general fund available for appropriation
- Repeals the "Amerada Hess" set-aside, where the annual earnings on a specific \$420 million settlement from the early 1990s are excluded from the POMV and dividend calculations
 - o About \$27 million / year which currently goes to the Capital Income Fund
- HB 37 allows an Alaskan, as part of their PFD application, to apply some or all of their dividend towards their income tax obligation

MR. ALPER addressed implementation and costs on slide 22, which read as follows [original punctuation provided]:

Implementation and Costs

- Bill as written has an effective date of January 1, 2022
- Major implementation effort for the Department of Revenue:
 - o Software procurement / programming of system into Tax Revenue Management System / working with national tax software vendors such as TurboTax
 - o Forms development
 - o Staff recruitment
 - o Public education
- Likely the withholding system will be set up first, so employers are able to begin withholding next year
- First annual returns will be due in early 2023
- Fiscal note includes an initial capital cost of \$8.5 million, plus 69 additional staff at an annual cost of about \$8.3 million / year (1.4% of revenue)

[11:47:55 AM](#)

MR. ALPER continued on slide 23, which read as follows [original punctuation provided]:

Revenue and Impacts

- The LB&A Committee hired the Institute on Taxation and Economic Policy (ITEP) last fall, to

look at several different "flat rate" income tax options

- This bill (2.5%, \$10k/\$20k standard deduction) was "Option 2"
- The consultant estimated \$581 million annual revenue (Fiscal note: \$580 million)

MR. ALPER turned to slide 24, which read [original punctuation provided]:

Dividend Impact

- The forecasted FY2023 POMV draw is just under \$3.2 billion
- A dividend based on 20% of that would be a \$640 million appropriation, working out to roughly a \$960 dividend per person
- For the majority of Alaskans, their tax burden will be less than their dividend, meaning they will still receive a net payment from the state

MR. ALPER concluded on slide 25, which read as follows [original punctuation provided]:

HB 37 is the only bill that has been introduced this year that resolves the entire fiscal deficit

- Adds approximately \$640 million / year in new revenue
 - \$580 million in tax revenue plus \$57 million in additional UGF royalties
- Clarifies and reduces the state's commitment to PFDs
- New dividend payment will be about \$640 million
- Budget would be balanced at any oil price greater than about \$50

With these two pieces roughly equal, it means that the net effect is about the same as not having a tax and paying zero dividend

- This enables us to afford the dividend into the future while maintaining a stable budget

[11:51:27 AM](#)

CO-CHAIR SPOHNHOLZ invited questions from committee members.

[11:51:31 AM](#)

REPRESENTATIVE JOSEPHSON returned to slide 21 and asked why repealing the statutory 50 percent "corpus" deposit of royalties from leases signed after 1979 would be good policy.

[11:52:02 AM](#)

REPRESENTATIVE WOOL responded that the additional 25 percent, which adds approximately \$57 million to the permanent fund, would make the bill balanced and pay for itself. He explained that the revenue from the income tax plus the \$57 million would match the dividend payment, making the proposal "self-sufficient."

REPRESENTATIVE JOSEPHSON said he likes the bill; however, he wondered whether there should be concern that the public may think this is all that would be required. He pointed out that the bill doesn't address the state's infrastructure needs or capital budgets; unfunded liabilities; debt issues; deferred maintenance, etc. He asked whether it would be hard to come back to the table a second time.

REPRESENTATIVE WOOL stated that once the budget is paid, there's a residual amount of \$300-\$400 million, which could be used for enhanced capital budgets, unfunded liabilities, or deposited into the constitutional budget reserve (CBR) or statutory budget reserve (SBR), as opposed to having to put the residual moneys towards an ad hoc dividend payment. He reiterated that HB 37 proposes a solution for revenue and the dividend that is fully self-sufficient.

[11:54:56 AM](#)

REPRESENTATIVE PRAX asked whether the sponsor had performed "additional iterations of the model." He shared his understanding that the bill would reduce a person's annual income by 2.5 percent; further, that it would take money out of the private economy and affect jobs.

CO-CHAIR SPOHNHOLZ sought to confirm that Representative Prax was asking about additional drag on the economy.

[11:56:34 AM](#)

REPRESENTATIVE WOOL reminded the committee that Alaska has the lowest taxes in the country. He asked, if a person didn't want to come to Alaska because of a slight increase in taxes, where

else would they go. He contended that it would not be a drag on the economy. He posited that it would help lower-income Alaskans by putting cash in their pockets, so they can go to the store and spend it, thereby boosting the economy.

CO-CHAIR SPOHNHOLZ noted that, per Department of Labor & Workforce Development (DLWD), there is a cost of not doing anything as well. She reported that the state had lost 50,000 people in outmigration in the last 8 years, as the budget situation has made Alaska less attractive. Further, she noted that budget cuts impact private sector jobs as well.

11:58:57 AM

REPRESENTATIVE PRAX asked whether there had been an attempt to measure the likelihood of the bill earning the projected levels while accounting for a change in behavior due to the new implementation of an income tax.

12:01:11 PM

MR. ALPER said that level of technical modeling had not been performed. He recalled testimony from the Tax Foundation about the economic impact of a sales tax versus an income tax; specifically, the argument that a sales tax is preferable because it doesn't tax investable income while an income tax is more likely to slow future job creation in theory. He indicated that there are pros and cons to all options. He posited that the time has come for a decision to be made, whatever it may be. He emphasized that either a tax needs to be implemented or the dividend program will cease to exist; alternatively, structured overdrafts from the permanent fund will damage the long-term economy. He shared his belief that while no one wants to tax Alaskans, it is the best solution going forward.

12:02:35 PM

REPRESENTATIVE SCHRAGE agreed with Representative Prax that creating a tax would influence business decisions; however, he argued that risk is another huge consideration for businesses, indicating that the struggles Alaska is facing is also hampering business. He suggested weighing the cons of a new tax with the cons of maintaining the status quo and the continued buildup of deferred maintenance, for example. Additionally, he disagreed with the idea that taxing takes money out of the private economy. He explained that a tax allows for things, such as investment in the university, state employees, and road repair,

which sends money back into the economy to circulate throughout the state. He asked about the diversion of royalties to the General Fund, specifically inquiring about how the sustainability of the fund would be impacted if 25 percent of the royalties would no longer be diverted to the fund.

MR. ALPER clarified that 25 percent of royalties would always go to the permanent fund, per the constitutional requirement, adding that no one is advocating for changing that. He explained that the additional 25 percent is approximately \$57 million, which is the amount that would remain in the General Fund for appropriation under HB 37. He noted that there were only two years that the incremental 50 percent corpus deposit of royalties from leases signed after 1979 did not get deposited: fiscal year 2018 (FY 18) and FY 19. He continued to explain that if the \$57 million were to remain in the General Fund for annual appropriations instead of deposited into the corpus, it would slightly reduce the size of the permanent fund itself, therefore slightly reducing the percent of market value (POMV) draw over time. He indicated that contrasting the pros and cons of that decision is a policy choice to be made by the legislature if this bill were to move forward. He noted that the proposed legislation would still work as a tax and permanent fund bill without that provision.

REPRESENTATIVE SCHRAGE gathered that its impact on the sustainability of the fund would be fairly negligible.

MR. ALPER agreed.

[12:07:06 PM](#)

REPRESENTATIVE EASTMAN inquired about the initial cost of setting up the new "bureaucracy" [tax program], as well as the ongoing cost in the out years.

REPRESENTATIVE WOOL directed attention to the bottom of slide 22. He contended the verbiage "bureaucracy," as a tax collection system already exists. Nonetheless, he acknowledged that there would be an initial cost for software, as well as a continual cost for the labor involved in maintaining the program.

[12:08:31 PM](#)

NICOLE REYNOLDS, Deputy Director, Tax Division, Department of Revenue, reported that DOR would expect to hire 69 people for

administering the tax. The cost to employ those 69 new positions would be about \$6.4 million per year in salary and benefits in addition to \$216,000 for office setup the first year and approximately \$6,900 in the out years. Further, the 69 employees would also need office space, estimated at about \$125,000 per year to rent the additional space. She noted that the new hires would be distributed between the Anchorage and Juneau offices. She continued to explain that the fiscal note includes funds for traveling to account for training and public outreach equaling \$25,000 the first year and \$12,500 in FY 23.

12:11:00 PM

MR. ALPER said the Tax Division, is currently a "business tax administering entity." He pointed out that there would be nearly 400,000 additional taxpayers if the bill were to pass, adding that the administrative burden is large. He believed that the department's proposal is a reasonable increment to handle the volume. He reported that less than 1.5 percent on the incremental revenue would go into the cost of administering the program.

CHAIR SPOHNHOLZ said, "fairly efficient as they go."

12:11:58 PM

REPRESENTATIVE WOOL addressed multi-state complex filers and considered the example of the owner of Hilcorp who lives in Texas. He explained that if the bill were to pass, he would have to pay his individual income tax in Alaska through his corporation. Further, if he did business in California, for example, which has an income tax as well, he would have to pay tax in that state too. He concluded that if HB 37 were to pass, the oil corporation would have to pay taxes in Alaska, which would require a more complex analysis.

CHAIR SPOHNHOLZ acknowledged the interesting challenge that came with the sale of BP assets to Hilcorp given the different corporate structure, which created a \$30 million revenue gap for the state of Alaska in a time of financial strain.

12:12:57 PM

REPRESENTATIVE EASTMAN asked whether liens would be placed on Alaskans' property if they didn't have the ability to pay the new tax.

MR. ALPER deferred the question to Ms. Reynolds. He understood that it is among the available tools for compliance if people don't pay their taxes.

12:13:38 PM

MS. REYNOLDS responded that those provisions already exist in statute, adding that the options would be pursued if necessary.

CHAIR SPOHNHOLZ pointed out that if that were to happen it would be about enforcing the law.

12:14:02 PM

REPRESENTATIVE EASTMAN argued that when imposing a new tax, evaluating the strength of the portion of the economy that would bear the brunt of that tax should be considered instead of the state's tax burden. He asked how the strength of Alaska's economy compares to other states.

REPRESENTATIVE WOOL said he did not perform an analysis on the "strength of the economy." He opined that Alaska's economy is facing challenges because of its predominant reliance on oil revenue, which has been declining, causing many services to suffer. He pointed out that when people consider relocation, they consider tax rates, as well the quality of education and the safety of the community, for example. He emphasized that the tax proposed in HB 37 is a low flat tax; further, many people wouldn't pay it because unlike any other state, Alaska gives its citizens a check every year in the form of the dividend. He reiterated that for many, the dividend would offset the tax. He added that many others would still receive the PFD. He stated that this small measure would sustain the dividend program while being fully self-sustaining.

12:17:40 PM

REPRESENTATIVE PRAX shared his understanding that there are two particular oil fields that optimistically, could come online and increase production by approximately 300,000 barrels per day. He asked whether those leases were post 1979.

REPRESENTATIVE WOOL said he did not have the answer readily available; further, he noted that he's not "married" to the provision pertaining to the diversion of the 25 percent of royalties. He said if it were the will of the committee to

maintain the current structure, he wouldn't "fall on [his] sword" on that particular item.

12:18:44 PM

MR. ALPER explained that when estimating the royalty deposits, DOR uses a blended average around 30-31 percent. He added that the great bulk of the current oil is paying at the 25 percent rate. Of the two new pending fields referenced by Representative Prax, under current state law, PCAA would be depositing at the 50 percent rate, which would be a substantial increase in royalties, he acknowledged. The other field, Willow, is a federal lease in the NPRA and would therefore, pay at the 25 percent rate.

REPRESENTATIVE PRAX believed the oil leases on the North Slope are worth further consideration, because if production were to increase, it would change the future outlook.

12:20:49 PM

REPRESENTATIVE SCHRAGE questioned the real alternatives to this proposal, indicating that there aren't many. He conveyed that currently, the budget isn't balanced, and the legislature continues to deficit spend. Alternatively, services could be cut, which only hurts Alaskans; similarly, cutting the dividend negatively impacts Alaskans as well. He said at least this proposal would tax out-of-state workers and provide an equitable system. He said taxes could be raised on oil companies and tourists, thereby targeting specific segments of the population. He continued to point out that any company that is an LLC or an S-corporation doesn't pay anything in taxes. He said the state could continue to pick "winners and losers" by continuing to target the few segments that are already being taxed; alternatively, this measure would spread out the burden and allow the state to function with drivable roads and schools that don't have classrooms with upwards of 40 students. He asked, "Is there an alternative I'm missing?"

REPRESENTATIVE WOOL said Representative Schrage made some valid points. He clarified that technically, the budget is balanced because the legislature has not yet committed to a PFD amount. He explained that currently, state revenue in addition to the POMV draw provides a surplus after paying out the budget; however, he pointed out that it may not be sustainable if the price and production of oil were to drop. Further, the budget may have to increase over time when accounting for pay increases

and inflation. He noted that Alaska pays some of the highest rates for medical care, while doctors, who do very well in this state, pay nothing in income tax presently.

[12:23:57 PM](#)

MR. ALPER returned to slide 10 and reminded the committee that Alaska's private economy has grown tremendously in the past 40 years whereas the state economy is largely tied to the oil and gas economy. He pointed out that there is a large private sector economy in healthcare, financial services, transportation, and mining, that is not fully contributing to the state's operational costs.

CHAIR SPOHNHOLZ agreed that there is a certain efficiency to an income tax that would allow the size of government to grow to meet the needs of the people that services are provided to. She addressed the rhetoric that taxes and government are a drain on the economy, noting that public safety and education are critical to a functioning economy. She added that when the military and the oil industry are looking at continuing to operate in Alaska, they want to ensure that both of those services are strong so their employees and military services members feel safe and secure and that their children will receive a quality education. She continued to explain that revenue isn't keeping up with the growing population, which makes meeting the constitutional obligations of providing for the education and public safety of Alaskans a challenge.

[12:25:42 PM](#)

REPRESENTATIVE SCHRAGE agreed. He observed that the budget becomes bloated when oil revenue increases; however, when oil prices drop, the budget gets cut and doesn't meet the needs of the people. He said it's hard to have equilibrium when the state services are based on the price of a barrel of oil, as opposed to the needs of the citizens. He pushed back against the idea that the budget is balanced, explaining that it's only balanced if the statutory dividend isn't paid. With the inclusion of the statutory dividend, there is a massive structural deficit, and that's without a capital budget.

CHAIR SPOHNHOLZ agreed. She noted that some people are uncomfortable with the size of the statutory dividend, herself included.

[12:27:05 PM](#)

REPRESENTATIVE EASTMAN asked where the burden of criminal prosecutions or investigations would fall.

REPRESENTATIVE WOOL said he has heard this line of questioning before in regard to setting up some sort of "tax police." He emphasized that he is not interested in creating an enforcement division that would "knock down doors." In response to Representative Spohnholz, he pointed out that if 20,000 people were to relocate to Alaska, it would put stress on the system, because without a method to extract revenue from the population, public services would be strained. He indicated that this bill would address that issue.

[12:29:29 PM](#)

MR. ALPERT in response to Representative Eastman, clarified that DOR's fiscal note does not include positions for investigators or police. Instead, it accounts for tax auditors, technicians, and data entry positions to handle the paper filing. He noted that there is an additional fiscal note from the Office of Administrative Hearings, DOA, which handles tax appeals, as there would be a small incremental increase to their workload.

CHAIR SPOHNHOLZ added that DPS would have included a fiscal note if they felt the need to. She said there is no suggestion anywhere in the bill that there would be heavy enforcement of tax law in Alaska, adding that she is uncomfortable with the inference that there would be.

[12:30:41 PM](#)

CHAIR SPOHNHOLZ announced that HB 37 was held over; [however, it was subsequently brought back before the committee for the purpose of hearing public testimony HB 37 and HB 202 simultaneously.]

HB 202-PERMANENT FUND DIVIDEND; ROYALTIES
HB 37-INCOME TAX; PERMANENT FUND; EARNINGS RES.

[Contains discussion of SJR 6 and SJR 7.]

[12:31:01 PM](#)

CHAIR SPOHNHOLZ announced that the final order of business would be HOUSE BILL NO. 202, "An Act relating to the Alaska permanent

fund; relating to dividends for state residents; relating to the use of certain state income; and providing for an effective date." and HOUSE BILL NO. 37, "An Act relating to deposits into the dividend fund; relating to income of and appropriations from the earnings reserve account; relating to the taxation of income of individuals, partners, shareholders in S corporations, trusts, and estates; relating to a payment against the individual income tax from the permanent fund dividend disbursement; repealing tax credits applied against the tax on individuals under the Alaska Net Income Tax Act; and providing for an effective date."

12:31:31 PM

CHAIR SPOHNHOLZ opened public testimony on HB 202 and HB 37.

12:32:00 PM

BERT HOUGHTALING stated his strong opposition to HB 202 and HB 37. Instead, he advocated for the passage of SJR 6, which he believed would resolve the issues pertaining to the dividend. He explained that his opposition to the proposed legislation revolved around the removal of the statutory dividend formula. He opined that the bills would "take away from the children of Alaska by taxing every single one of them."

12:33:31 PM

CRIS EICHENLAUB opined that Alaska is "grossly" mismanaging its resources as the largest state with the most resources and the smallest population. He characterized the permanent fund dividend (PFD) as the "best bang for our buck," adding his belief that the people should have the first call on all revenue [decisions].

12:35:45 PM

SHERRY EICHENLAUB stated her opposition to HB 202 and HB 37 and aligned herself with the comments from the two previous testifiers.

12:36:16 PM

KATIE BOTZ stated her opposition to HB 202 and support for HB 37. She shared her belief that an income tax would help close the fiscal gap. Additionally, she advocated for a "50/50 share of the PFD."

12:37:06 PM

ADAM HYKES, recalled an earlier statement from Mr. Alper regarding the repeal of the Amerada Hess settlement provision, which he interpreted as an indication that the bill wouldn't work without taking money that would have otherwise gone towards the PFD. He said, "In the case that's it's not always guaranteed in some years, then why is it reliable for you and not for us?" Further, he opposed the idea that the PFD is a negative tax. He shared his belief that Alaskans want the legislature to spend less and fix the budget. He opined that rushing the implementation of a new tax and depending on the permanent fund to fill the gaps in the budget are both fiscally irresponsible. He concluded that as a stakeholder in Alaska, he did not give [the legislature] permission to take his children's inheritance. He stated his opposition to HB 202 and HB 37.

12:39:33 PM

MIKE COONS emphasized that whether wealthy or poor, people should be able to spend the PFD on whatever they want. He stated his full opposition to both bills and added that he supports SJR 6 and SJR 7. He suggested that the legislature has no intention of working with Alaskans or the governor on a solution.

12:41:44 PM

CLIFF GROH expressed that the state needs a comprehensive strategy that looks beyond the next fiscal year to address Alaska's deep structural deficit. He opined that the strategy needs to include a revised PFD formula that is sustainable; protection for the permanent fund against overspending; and new revenues to help pay for public services. He believed that HB 202 goes too far to balance the budget (indisc.) of the dividend to avoid collecting taxes from high earners in Alaska, some of whom are nonresidents. He advocated for a sustainable dividend formula in addition to broad-based taxes, preferably an income tax.

12:43:55 PM

BARBARA TYNDALL stated her opposition to HB 37, which she characterized as a plan to rob the people of Alaska and give their money to special interests because the legislature and administration had failed to live within their means.

Additionally, she believed HB 202 would "exacerbate the manipulation by the legislature for the fund's original intent and make it a political football rather than a market-driven process." She argued that HB 202 would cut the people out of the process almost entirely. She urged a "no" vote on HB 202 and HB 37.

[12:45:18 PM](#)

ANDRA RICE shared that she relies on a full PFD for her heating oil and doesn't want it taken away from her grandchildren. She said she loves Alaska, adding that the dividend belongs to the people, as does their income. She reiterated her opposition to both HB 202 and HB 37.

[12:46:44 PM](#)

MELISSA GUDOBBA stated that she believed the legislature is trying to "bamboozle" and "hoodwink" Alaskans. She argued that if people are willing to give up their liberties for temporary securities, then they don't deserve either. She believed that growing the government when revenues are high and not being able to pay for those programs when revenue is low is irresponsible. She concluded by stating her opposition to HB 202 and HB 37.

[12:48:49 PM](#)

JAMES SQUYRES [Due to technical difficulties, the majority of Mr. Squyres' testimony is indiscernible throughout.]

[12:51:21 PM](#)

GARY MCDONALD urged the legislators to listen to the previous testifiers. He said, "Mr. Wool is trying to pull the wool over your eyes if he gets both bills."

[12:52:07 PM](#)

ROBERT COELTER stated his opposition to HB 202 and HB 37 as a taxpayer and proponent of small government. He believed that HB 37 would enlarge government by taking people's money to increase government spending. Further, he opined that HB 202 would make government larger.

[12:53:36 PM](#)

THOMAS BELLANICH stated his opposition to HB 202 and HB 37. He opined that children should not be taxed, because they are the future. Further, that if a tax were to be implemented, it should be a wage tax, as opposed to an income tax. He emphasized that many rely on the dividend for clothing, heating, food, and hunting, and that taking it away would be wrong. He reiterated his belief that a wage tax is preferable, as it would allow the state to tax nonresidents.

[12:55:45 PM](#)

JEAN HOLT stated her opposition to HB 202 and HB 37. She believed both bills would eliminate Alaskans' ability to receive their share of mineral rights through the PFD. She advocated for SJR 6 and SJR 7.

[12:56:58 PM](#)

RENEE WELLINGTON expressed her opposition to HB 202 and HB 37, especially after the difficult year Alaska has faced. She opposed implementing an income tax to "grow" government and reducing the PFD. She urged the legislature to listen to Alaskans and stop catering to special interest groups.

[12:58:32 PM](#)

LAURA BONNER said she's pleased to see a proposal that would change the outdated PFD formula, which no longer works. She opined that HB 37 is more sustainable for future generations, while still providing a dividend. She pointed out that in the future, oil royalties may decrease; therefore, she opined that HB 202 would not be the best solution. She believed HB 37 would offer a new source of revenue, which is desperately needed to provide services. She concluded that an income tax wouldn't be popular, but it's necessary.

[1:00:00 PM](#)

DAVE JOHNSON disclosed that he has worked in Prudhoe Bay for over 20 years, adding that over 50 percent of his nonresident coworkers do not pay taxes. He stated his support for both HB 37 and HB 202. He pointed out that it's easy to "throw stones" at solutions. He emphasized the need to pick a solution, as the state is in a tough spot from drawing down its savings.

[1:00:51 PM](#)

JOHN SONIN expressed his support for HB 37. Regarding HB 202, he said he was not as clear on how it would be implemented, but he is supportive. He shared his belief that future generations should be able to share in the "gifts" of the permanent fund.

[1:03:08 PM](#)

JANET MCCABE stated her support for HB 202. She said adopting this bill would be a major step towards giving Alaska much needed fiscal stability. For years, she said, the legislature has disagreed about the percentage of POMV funds to use for dividends and the percentage to use for state services. HB 202 would solve that issue by drawing funds for the dividend by a totally separate source. Instead, the dividend would be a fixed percent of annual mineral revenues. She believed the resulting stability would benefit and strengthen Alaska's economy. Further, she emphasized the importance of passing HB 202 to protect the permanent fund and POMV revenue, which is now the state's primary source of income. She concluded that passing HB 202 this session would be an important and beneficial achievement.

[1:04:50 PM](#)

ELEANOR ANDREWS stated her support for HB 202. She believed that without a fiscal plan that provides sustainable income from every source, Alaska would be worse off than it was before the discovery of oil. She indicated that HB 202 would provide an additional source of revenue. She pointed out that government-provided services that everyone enjoys would not be possible if the permanent fund ceased to exist.

[1:06:19 PM](#)

PETER MICHALSKI said he agreed with the previous testifier's comments regarding HB 202. Additionally, he opined that HB 37 would maintain the dividend program while implementing a minimal tax. He believed HB 202 and HB 37 would put the legislature on the right track towards fulfilling the constitutional requirement of providing education, public safety, roads, and other services.

[1:08:08 PM](#)

CHAIR SPOHNHOLZ closed public testimony on HB 37 and HB 202.

[HB 37 was held over.]

[1:08:33 PM](#)

The committee took an at-ease from 1:08 p.m. to 1:12 p.m.

[1:12:39 PM](#)

CHAIR SPOHNHOLZ moved to adopt Amendment 1 to HB 202, labeled 32-LS0884\I.1, Nauman, 5/13/21, which read:

Page 5, line 16:
Delete "30"
Insert "50"

[1:12:49 PM](#)

REPRESENTATIVE STORY objected for the purpose of discussion.

[1:12:53 PM](#)

CHAIR SPOHNHOLZ explained that Amendment 1 would increase the percentage of royalties the legislature may appropriate to the dividend fund from 30 percent to 50 percent, which would allow the dividend to remain tied to resource production while allowing more of the revenue to go towards Alaskans through dividends. She opined that the concept of the bill is intriguing; however, she said she had "heartburn" in regard to the proposed PFD formula and the corresponding amount in HB 202. She noted that as currently drafted, HB 202 would produce a dividend of \$442 in FY 21, which she characterized as "low." Per ITEP, she reminded the committee that a PFD reduction would be the hardest on lower-income individuals and that 95 percent of Alaskans would be worse off with a PFD cut, as opposed to other forms of revenue. She added that the only people who are better off with a PFD reduction are those in the top 5 percent who make \$228,000 a year or more. She reiterated that the proposed amendment would increase the percentage of royalties that would go to dividends and, if adopted, would produce a dividend of \$763 in FY 21, which would provide more certainty.

[1:14:43 PM](#)

REPRESENTATIVE STORY removed her objection.

[1:14:46 PM](#)

REPRESENTATIVE JOSEPHSON objected. He said given that the current statutory dividend formula provides for a dividend of \$3,400, Amendment 1 would be a marked decrease. Nonetheless, he reported that as it's currently written, the bill would have resulted in a dividend of \$1,600 in the "productive" years of FY 08 through FY 12; therefore, he presumed that if Amendment 1 were to pass, the dividend would have increased to approximately \$2,000 in those years. He asked why that is affordable.

[1:15:54 PM](#)

CHAIR SPOHNHOLZ noted that she only possessed modeling from the Legislative Finance Division that dated back to FY 16. Further, she reported that in FY 18, 50 percent of royalties would produce a dividend of \$1,008, which is significantly smaller than the figure referenced by Representative Josephson.

REPRESENTATIVE JOSEPHSON clarified that he had referenced data from 2008, as opposed to 2018.

CHAIR SPOHNHOLZ responded that she didn't have the information for that year. Further, she recalled that 2008 was a fairly high oil price environment, indicating that the state had more money at that point in time. She reiterated that in FY 21, Amendment 1 would yield a dividend of \$763, which is still modest and much lower than the historic average of the dividend at approximately \$1,100.

REPRESENTATIVE JOSEPHSON indicated that he liked the spirit of generosity in which the amendment was proposed. However, he pointed out that in a world without COVID and AARPA funds, the proposal would cross into deficit spending without new revenue, which is concerning.

CHAIR SPOHNHOLZ opined that Representative Josephson's statement would be true if the dividend were the only solution to the fiscal problem; however, she expressed her opposition to a "permanent fund only solution," adding that it would be "the most regressive thing that you could do." Further, she believed that for 95 percent of Alaskans, a "PFD only solution" would be worse than an income tax, as proposed by Representative Wool. She stated her belief that HB 37 is a practical measure, which would leverage the funding sustainability of the permanent fund and require Alaskans to chip in through an updated PFD formula while balancing the regressivity with an income tax. She reiterated her objection to the premise that the dividend is the only considerable solution to address Alaska's fiscal situation.

She pointed out that if Amendment 1 to HB 202 were to pass, there are other bills that would complement the proposed legislation, such as income and oil tax revenue bills that could help while still keeping Alaska competitive and balance the budget while providing for a more reasonable dividend than what is currently proposed in the original draft of HB 202.

[1:19:10 PM](#)

REPRESENTATIVE SCHRAGE requested that the bill sponsor speak to Amendment 1.

[1:19:35 PM](#)

REPRESENTATIVE KELLY MERRICK, Alaska State Legislature, prime sponsor of HB 202, stated that the original intent of the legislation was to avoid overdrawing the POMV. She deferred to her staff, Ms. Teal, to explain the implications of Amendment 1.

[1:20:09 PM](#)

TALLY TEAL, Staff, Representative Kelly Merrick, Alaska State Legislature, on behalf of Representative Merrick, prime sponsor of HB 202, said based on cursory modeling from the Legislative Finance Division, the budget reserves would increase before leveling off and the dividend amount would be slightly under \$800. Most concerning, she said, is the \$39 million overdraw from the earnings reserve account (ERA) in FY 23. She noted that modeling showed FY 23 as the only year in which the ERA would be overdrawn.

[1:20:56 PM](#)

CHAIR SPOHNHOLZ stated that she wouldn't support an ERA overdraw, adding that other revenue measures could complement this legislation.

[1:21:05 PM](#)

REPRESENTATIVE EASTMAN observed that Amendment 1 appeared to be talking about a cap. He asked whether the dividend was intended to be capped at "whatever amount that 50 percent of those categories of money is" and the legislature would not be able to appropriate more money to a dividend in a separate appropriation.

CHAIR SPOHNHOLZ shared her belief that Representative Eastman may be speaking to the underlying bill, as Amendment 1 simply instructs the deletion of "30" and the insertion of "50" on page 5, line 16.

REPRESENTATIVE EASTMAN asked whether "50" represents a cap and whether the intent was to increase the cap to 50 percent.

CHAIR SPOHNHOLZ remarked. "I believe, Representative Eastman, that you understand that all bills and legislation are subject to appropriation by the legislature."

REPRESENTATIVE EASTMAN said he is confused about what Amendment 1 is attempting to accomplish. He asked again whether it pertains to a cap or not.

CHAIR SPOHNHOLZ responded, "We are talking about increasing the amount of funds that are available to the dividend, as proposed by HB 202."

[1:22:29 PM](#)

REPRESENTATIVE WOOL conveyed that he shares some of the concerns that Representative Josephson expressed. He explained that he appreciated that the bill, in its original form, would not produce any overdraws. Further, he characterized 30 percent of royalties as sustainable and highlighted the surplus, which was forecasted in the fiscal modeling. He opined that increasing 30 to 50 would push up against the wall of that surplus and asked whether the price of oil and the budget would have to stay in narrow parameters to maintain sustainability. He emphasized that he was not opposed to a dividend of \$700; however, he wanted to make sure that it would be affordable.

CHAIR SPOHNHOLZ deferred the question to Conor Bell.

[1:24:22 PM](#)

CONOR BELL, Fiscal Analyst, Legislative Finance Division, explained that the division's modeling assumes that any deficits are filled with the constitutional budget reserve (CBR) until the CBR reaches a minimal balance of \$500 million, which is the recommended minimum balance for short-term cash flow purposes. He confirmed that based on the division's modeling, there would be an unplanned ERA draw of \$9 million [if Amendment 1 were to pass]. He continued to note that there are alternative options, such as drawing the CBR below \$500 million. Alternatively,

different oil prices and revenue assumptions could produce different outcomes.

[1:25:23 PM](#)

REPRESENTATIVE WOOL sought to confirm that above 30 percent, a CBR draw may be assumed, as opposed to a draw from the ERA. He concluded that to pay out a 50 percent royalty in FY 22, the CBR would have to be drawn down to \$500 million. He asked whether that is correct.

MR. BELL clarified that based on the Legislative Finance Division's modeling, there would be a \$355 million deficit, which would be filled from the CBR, resulting in an ending balance of \$544 million in the CBR. Additionally, in FY 23, a small ERA draw would be required, as the \$97 million deficit would bring the CBR down to its minimum recommended balance of \$500 million.

[1:26:27 PM](#)

CHAIR SPOHNHOLZ acknowledged that [Amendment 1] would reduce the available revenue to pay for government and dividends; however, she strongly believed that a PFD of \$442 would be too low. She characterized a dividend of that size as "bad policy" and "politically untenable," as the public would be angry. She opined that [HB 202] could be one piece of an overall fiscal plan. She added that she would be uncomfortable with a "permanent fund-only solution." She explained that she proposed Amendment 1 in an attempt to stay within constitutional limitations while creating a modest change to the dividend, which would be part of a broader discussion.

[1:27:43 PM](#)

REPRESENTATIVE STORY sought to confirm that that there would be a \$39 million overdraw of the ERA [if Amendment 1 were to pass]. She asked whether there would be [additional overdrafts] in the following years.

MS. TEAL responded that based on the modeling, that was the only year in which a deficit would need to be filled through some measure. She added that the proposal appeared to be sustainable in the outyears.

REPRESENTATIVE STORY asked, "How many years did you roll out?"

MS. TEAL shared her understanding that the Legislative Finance Division's fiscal model forecasts through FY 30 or FY 31.

[1:28:47 PM](#)

REPRESENTATIVE SCHRAGE pointed out that there would still be 15 to 20 percent of the natural resource income going to the general fund. Provided Amendment 1 requires an additional revenue measure, he questioned why not have all the remaining natural resource income go to the PFD and backfill with a revenue measure? Further, he noted that [Amendment 1] would leave no funds available for a capital budget. He asked the sponsor of the proposed amendment to respond.

CHAIR SPOHNHOLZ reiterated that the proposed legislation would seek to balance the budget using only the dividend. She acknowledged that a method for funding the capital budget had not been considered unless additional measures were enacted. She understood that this proposal is one piece of a broader conversation, such as geobonding or federal funding, and could not stand alone if the budget were to function. She relayed that she and Representative Merrick are in strong alignment on the notion of a robust capital budget, and she explained that she thought increasing [the cap] from 30 to 50 was a compromise. Nonetheless, she said she continues to be uncomfortable with a dividend that is less than \$1,000.

[1:30:53 PM](#)

REPRESENTATIVE MERRICK, in response to Representative Schrage's comments about constitutional requirements going to the permanent fund and the rest going to dividends, noted that the scenario in question was modeled by the Legislative Finance Division. She deferred to Ms. Teal.

MS. TEAL deferred to Mr. Bell.

[1:31:21 PM](#)

MR. BELL responded that if only 25 percent of royalties were to go the permanent fund's principal account, there would no longer be an ERA overdraw. However, there would still be deficits in FY 22 and FY 23, followed by a surplus in FY 24 based on the division's modeling.

[1:32:06 PM](#)

REPRESENTATIVE JOSEPHSON asked Mr. Bell whether the small deficits in FY 22 and FY 23 are associated with the bill in its current form or Amendment 1.

MR. BELL answered Amendment 1.

REPRESENTATIVE JOSEPHSON sought to confirm that the \$37 million in FY 23 was still being discussed.

MR. BELL clarified that if the legislature were to forego paying the additional statutory royalties to the principal and instead pay only the constitutionally required 25 percent to the principal and 50 percent of total royalties to the PFD, then there would no longer be an ERA overdraw.

[1:33:16 PM](#)

REPRESENTATIVE MERRICK shared her understanding of Representative Schrage's questions as "if [the legislature] paid the constitutional requirements to the permanent fund, then paid 100 percent of the other royalties." She asked Mr. Bell to comment.

[1:33:42 PM](#)

MR. BELL responded that there would be larger deficits under the proposed scenario. He explained that if the constitutionally required 25 percent were paid to the principal and the entire remainder of royalties was allocated to the dividend, the FY 22 PFD would amount to \$1,700 and there would be a deficit of \$900 million.

[1:34:18 PM](#)

REPRESENTATIVE WOOL asked Mr. Bell what budget numbers were used for his calculations.

MR. BELL said [the division] had been working off of the governor's amended budget and the capital budget as outlined in the Office of Management & Budget's (OMB's) 10-year plan. He highlighted another assumption pertaining to permanent fund investment returns below the current fiscal year to date.

[1:35:13 PM](#)

CHAIR SPOHNHOLZ [received confirmation that Representative Story had removed her objection to Amendment 1.]

REPRESENTATIVE STORY recalled someone else had also objected.
[It had been Representative Josephson.]

CHAIR SPOHNHOLZ asked if there was any further objection.

[1:35:19 PM](#)

REPRESENTATIVE EASTMAN objected. He said he believed that if Amendment 1 were to pass and legislators were to exceed the 50 percent threshold through multiple appropriation vehicles, a lawsuit would likely be engendered.

CHAIR SPOHNHOLZ remarked, "I presume you mean the underlying bill could potentially create that same situation."

REPRESENTATIVE EASTMAN replied, "Yeah, I'm trying to figure out how it doesn't, but I'm not seeing that."

CHAIR SPOHNHOLZ clarified for the public that the amendment would only change "30" to "50."

[1:36:30 PM](#)

A roll call vote was taken. Representatives Josephson, Story, and Spohnholz voted in favor of the adoption of Amendment 1. Representatives Wool, Schrage, and Eastman voted against it. Therefore, Amendment 1 failed by a vote of 3-3.

[1:37:32 PM](#)

CHAIR SPOHNHOLZ invited further discussion on the underlying bill, HB 202.

[1:37:41 PM](#)

REPRESENTATIVE JOSEPHSON shared one reason that he likes HB 202 is that it wouldn't suffocate government. He recalled that oil prices crashed around fall 2014; therefore, the legislature had been aware of this problem for seven years while generally lacking the courage to do something about it aside from the POMV. He opined that the proposed legislation is fiscally responsible because it wouldn't interfere with publicly requested services. He stated his intention to support moving the bill from committee if an objection were made.

[1:39:03 PM](#)

REPRESENTATIVE SCHRAGE expressed his general agreement with most of the statements from the previous speaker. He believed that HB 202 would provide for services that the state depends on, such as roads and education, regardless of one's income bracket. Further, he appreciated that the proposed legislation would tie dividends to natural resource production. However, he expressed his concern that out-of-state workers come to work in Alaska while contributing nothing to the state, which he characterized as a "huge issue" that the legislature will have to reconcile at some point. Nonetheless, he conveyed his support for the bill.

[1:40:21 PM](#)

REPRESENTATIVE WOOL stated his support for HB 202 and commended its sustainability. He indicated that he was comfortable with 30 percent going towards the dividend, which could always be added to in the future.

[1:41:19 PM](#)

REPRESENTATIVE STORY said she would have preferred the bill if Amendment 1 had passed; nonetheless, she expressed her intent to support it. She reiterated that the legislation would not eliminate the potential of increasing the dividend through other mechanisms.

[1:41:56 PM](#)

REPRESENTATIVE EASTMAN stated that normally, he doesn't favor holding bills longer than necessary, adding that he would like to vote the bill out of committee so that he could be a "no" vote and recommend that others do the same. However, he posited that because the proposed legislation is not trivial, as it recalculates the dividend and would reduce the current dividend by 87 percent, the committee should acquire more feedback from the public before advancing it to the next committee of referral. He said he would be a "no" vote because public testimony had been limited, characterizing it as "bad process."

[1:42:51 PM](#)

CHAIR SPOHNHOLZ said she would allow the bill to move from committee; however, she emphasized that she does not support a dividend of \$450. She shared a personal anecdote. She advised that a dividend of that size would be bad for 95 percent of

Alaskans and only sufficient for those who earn upwards of \$228,000 per year, which is only 5 percent of Alaskans.

[1:45:23 PM](#)

REPRESENTATIVE WOOL moved to report HB 202 out of committee with individual recommendations.

[1:45:35 PM](#)

REPRESENTATIVE EASTMAN objected.

[1:45:37 PM](#)

A roll call vote was taken. Representatives Josephson, Schrage, Wool, and Story voted in favor of reporting HB 202 from committee. Representatives Eastman and Spohnholz voted against it. Therefore, HB 202 was reported out of the House Special Committee on Ways and Means by a vote of 4-2.

[Although not stated on the record, the vote was voided due to a failure to mention the fiscal note.]

[1:46:29 PM](#)

The committee took a brief at-ease.

[1:46:43 PM](#)

REPRESENTATIVE WOOL moved to report HB 202 out of committee with individual recommendations and the accompanying fiscal notes.

[1:46:56 PM](#)

REPRESENTATIVE EASTMAN maintained his objection.

[1:46:58 PM](#)

A roll call vote was taken. Representatives Josephson, Schrage, Wool, and Story voted in favor of reporting HB 202 from committee. Representatives Eastman and Spohnholz voted against it. Therefore, HB 202 was reported out of the House Special Committee on Ways and Means by a vote of 4-2.

[1:47:58 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Ways and Means meeting was adjourned at 1:48 p.m.